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California Corporations Acting Commissioner
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8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

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11 In the Matter of the Accusation of

12 THE CALIFORNIA CORPORATIONS
13 COMMISSIONER,

14 Complainant,

15 v.

16 LEEDHA, INC., DBA FLINTRIDGE ASSET
17 MANAGEMENT COMPANY; and EARL D.
ANSCHULTZ, as an individual,

18 Respondents.
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) OAH NO. L2004090486

) FILE NO. 923-2223

) STIPULATION

21 This Stipulation is entered into between Respondents Leedha, Inc. ("Leedha"), and Earl D.
22 Anschultz ("Anschultz"), on the one hand, and the California Corporations Acting Commissioner
23 ("Commissioner"), on the other hand, and is made with respect to the following facts:

24 RECITALS

25 A. Leedha has been an investment adviser licensed by the Commissioner under the
26 California Securities Law since October 30, 2001 ("CSL")(California Corporations Code § 25000 et
27 seq.).
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B. At all relevant times, Anschultz was the owner and President of Leedha. Leedha is a California Corporation, formed in February 1990. Leedha is located at 2540 Huntington Drive, Suite 104, San Marino, California 91108.

C. On August 17, 2004, the Commissioner served Leedha and Anschultz ("Respondents") by certified mail: 1) a Notice of Intention to Issue an Order Revoking Leedha's Certificate as an Investment Adviser Pursuant to Corporations Code Section 25232 and Barring Earl D. Anschultz from any Position of Employment, Management or Control of any Investment Adviser, Broker-Dealer or Commodity Adviser Pursuant to Corporations Code Section 25232.1, with Claim for Ancillary Relief in the Form of Disgorgement and Costs, and Order Levying Administrative Penalties Pursuant to Corporations Code Section 25252; 2) Statement to Respondent; 3) Accusation to Revoke Investment Adviser Certificate of Leedha, Inc. (Corporations Code Section 25232); and Bar Earl D. Anschultz (Corporations Code Section 25232.1); with Claim For Ancillary Relief in the Form of Disgorgement and Attorney Fees (Corporations Code Section 25254); and 4) Statement In Support of Order to Levy Administrative Penalties (Corporations Code Section 25252); 5) Notices of Defense; and 6) Government Code Sections 11507.5, 11507.6 and 11507.7.

D. On or about August 23, 2004, Respondents received the above documents and filed Notices of Defense with the Commissioner on the above-referenced matter on or about August 26, 2004. A hearing is scheduled for June 29 through July 1, 2005.

E. On June 24, 2005, Respondents agreed to stipulate to the following: 1) an Order permanently barring Anschultz from employment, management and control of any investment adviser, which must be entered into the Investment Adviser Registration Depository ("IARD"), without admitting or denying any wrongdoing, effective the date Leedha sells its investment adviser client list, but by no later than October 1, 2005; 2) Leedha agrees to surrender its investment adviser license, effective by no later than October 1, 2005, without selling Leedha's business or investment adviser license; however, Leedha may sell its investment adviser client list but may not receive any future commissions or contingency fees as a result of the sale and any sale shall be a one-time-only payment for the client list (that can be paid in installments) and shall not be contingent on any future client's agreements to be serviced by the purchaser; 3) From the date the Stipulation is entered,

1 Leedha and Anschultz may not take on any new clients and may not overcharge any existing clients;
 2 If the Department determines that Leedha charged fees in excess of the fees stated in the clients
 3 current investment advisory agreement from the date the Stipulation is entered until October 1, 2005,
 4 then Leedha agrees to pay a fine in the amount of \$5,000 for each client overcharged; 4) Leedha
 5 agrees to disgorge any over charged investment advisory fees, which is estimated to be
 6 approximately \$55,056.25 to its investment adviser clients and must provide proof that clients have
 7 been reimbursed by no later than December 31, 2005; however, this amount may be reduced if
 8 Leedha can prove in writing that clients have already recovered some or all of these overcharges; 5)
 9 Leedha agrees to contact its clients in writing within ten (10) days from the date of the Stipulation
 10 and must disclose this settlement, including the stipulated Order permanently barring Anschultz and
 11 must provide proof to the Department that it has done so; 6) The Department agrees to waive its
 12 administrative penalties and costs; and 7) Leedha agrees to cooperate with two field examinations to
 13 occur sometime within one year from the date the Stipulation is entered and Leedha must either
 14 provide adequate space for the examination where the books and records are maintained or bring all
 15 books and records to the Department for the exam.

16 It is the intention and desire of the parties to resolve this matter without the necessity of a
 17 hearing and/or other litigation.

18 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
 19 forth herein, the parties agree as follows:

20 TERMS AND CONDITIONS

21 1. Respondents agree to 1) an Order permanently barring Anschultz from employment,
 22 management and control of any investment adviser, which must be entered into the Investment
 23 Adviser Registration Depository ("IARD"), without admitting or denying any wrongdoing, effective
 24 the date Leedha sells its investment adviser client list, but by no later than October 1, 2005; 2)
 25 Leedha agrees to surrender its investment adviser license, effective by no later than October 1, 2005,
 26 without selling Leedha's business or investment adviser license; however, Leedha may sell its
 27 investment adviser client list but may not receive any future commissions or contingency fees as a
 28 result of the sale and any sale shall be a one-time-only payment for the client list (that can be paid in

installments) and shall not be contingent on any future client's agreements to be serviced by the purchaser; 3) From the date the Stipulation is entered, Leedha and Anschultz may not take on any new clients and may not overcharge any existing clients; If the Department determines that Leedha charged fees in excess of the fees stated in the clients current investment advisory agreement from the date the Stipulation is entered until October 1, 2005, then Leedha agrees to pay a fine in the amount of \$5,000 for each client overcharged; 4) Leedha agrees to disgorge any over charged investment advisory fees, which is estimated to be approximately \$55,056.25 to its investment adviser clients and must provide proof that clients have been reimbursed by no later than December 31, 2005; however, this amount may be reduced if Leedha can prove in writing that clients have already recovered some or all of these overcharges; 5) Leedha agrees to contact its clients in writing within ten (10) days from the date of the Stipulation and must disclose this settlement, including the stipulated Order permanently barring Anschultz and must provide proof to the Department that it has done so; 6) The Department agrees to waive its administrative penalties and costs; and 7) Leedha agrees to cooperate with two field examinations to occur sometime within one year from the date the Stipulation is entered and Leedha must either provide adequate space for the examination where the books and records are maintained or bring all books and records to the Department for the exam. If Leedha does not surrender its investment adviser license by October 1, 2005, then the Department can immediately revoke Leedha's investment adviser license and Respondents waive their rights to a hearing, and to any reconsideration, appeal, or other rights which may be afforded pursuant to the CSL, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection with this matter herein.

2. The Commissioner will issue an Order permanently barring Anschultz from employment, management and control of any investment adviser, effective the date Leedha surrenders its license, but by no later than October 1, 2005. A true and correct copy of the Stipulated Bar Order is attached and incorporated as **Exhibit A**.

3. Anschultz stipulates to the bar order without admitting any of the allegations contained in the Accusation. If Anschultz, however, shall apply for any license currently under the Department's jurisdiction, the allegations contained in the Accusation will be deemed admitted. This includes any

1 application for the following licenses: 1) Escrow Agent license pursuant to Financial Code section
2 17000, et seq.; 2) Finance Lender license pursuant to Financial Code section 22000, et seq.; 3)
3 Deferred Deposit Transaction license pursuant to Financial Code section 23000, et seq.; 4)
4 California Residential Mortgage Lender/Servicer license pursuant to Financial Code section 50000,
5 et seq.; 5) Check Seller, Bill Payer or Prorater license pursuant to Financial Code section 12000, et
6 seq.; and 6) Any securities license, including as a broker-dealer, agent, investment adviser or
7 investment adviser representative.

8 4. Respondents acknowledge their right to an administrative hearing under the Corporations
9 Code in connection with the revocation and bar and waive their rights to a hearing, and to any
10 reconsideration, appeal, or other rights which may be afforded pursuant to the CSL, the California
11 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law
12 in connection with this matter herein. Furthermore, Respondents acknowledge that this Stipulation is
13 a public document.

14 5. The parties hereby acknowledge and agree that this Stipulation is intended to constitute a full,
15 final and complete resolution of this matter. The parties further acknowledge and agree that nothing
16 contained in this Stipulation shall operate to limit the Commissioner's ability to assist any other
17 agency, (county, state or federal) with any prosecution, administrative, civil or criminal, brought by
18 any such agency against Respondents based upon any of the activities alleged in this matter or
19 otherwise.

20 6. Each of the parties represents, warrants, and agrees that it has received independent advice
21 from its attorney(s) and/or representatives with respect to the advisability of executing this
22 Stipulation.

23 7. Each of the parties represents, warrants, and agrees that in executing this Stipulation it has
24 relied solely on the statements set forth herein and the advice of its own counsel and/or
25 representative. Each of the parties further represents, warrants, and agrees that in executing this
26 Stipulation it has placed no reliance on any statement, representation, or promise of any other party,
27 or any other person or entity not expressly set forth herein, or upon the failure of any party or any
28 other person or entity to make any statement, representation or disclosure of anything whatsoever.

The parties have included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute this Stipulation; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this Stipulation.

8. This Stipulation is the final written expression and the complete and exclusive statement of all the agreements, conditions, promises, representations, and covenants between the parties with respect to the subject matter hereof, and supercedes all prior or contemporaneous agreements, negotiations, representations, understandings, and discussions between and among the parties, their respective representatives, and any other person or entity, with respect to the subject matter covered hereby.

9. In that the parties have had the opportunity to draft, review and edit the language of this Stipulation, no presumption for or against any party arising out of drafting all or any part of this Stipulation will be applied in any action relating to, connected, to, or involving this Stipulation. Accordingly, the parties waive the benefit of California Civil Code section 1654 and any successor or amended statute, providing that in cases of uncertainty, language of a contract should be interpreted most strongly against the party who caused the uncertainty to exist.

10. This Stipulation may be executed in one or more counterparts, each of which shall be an original but all of which, together, shall be deemed to constitute a single document.

11. Each signator hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Stipulation.

Dated: June 29, 2005

WAYNE STRUMPFER
California Corporations Acting Commissioner

By _____
JUDY L. HARTLEY
Senior Corporations Counsel

Dated: June 29, 2005

By _____
EARL D. ANSCHULTZ, as President, on behalf of
Leedha, Inc.

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Dated: June 29, 2005

By _____
EARL D. ANSCHULTZ, as an individual

Approved as to form on
June 29, ,2005:

By _____
MICHAELINE A. RE, ESQ.
Attorney for Respondents